

Message Text

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14

ACTION EA-13

INFO OCT-01 SS-14 ADP-00 SSO-00 NSCE-00 NSC-10 INRE-00

CIAE-00 INR-10 NSAE-00 RSC-01 EB-03 L-02 OMB-01

COME-00 TRSE-00 SCEM-01 CIEP-01 RSR-01 /058 W

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O 041000Z SEP 73

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 8602

INFO AMEMBASSY TOKYO IMMEDIATE

C O N F I D E N T I A L JAKARTA 10544

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, JA, ID

SUBJECT: INDONESIAN LNG

REF: A. TOKYO 11238; B. TOKYO 11245; C. JAKARTA 10298

SUMMARY: ACCORDING TO PERTAMINA AND PACIFIC LIGHTING REPS, PERTAMINA IS PLANNING TO SIGN LNG CONTRACT WITH PACIFIC LIGHTING SEPTEMBER 6. SINCE NEGOTIATIONS APPEAR TO BE PROCEEDING SATISFACTORILY, WE RECOMMEND THAT USG PRESENTLY NOT ENCOURAGE DIRECT US-JAPAN CONSULTATIONS AS PROPOSED BY MURAKAMI (REFTEL B).
END SUMMARY.

1. RAY TODD, PACIFIC LIGHTING V.P. AND CH BF OF PACIFIC LIGHTING NEGOTIATING TEAM, TOLD EMBOFF SEPTEMBER 4 THAT NEGOTIATIONS WITH PERTAMINA/MOBIL FOR SALE ABOUT 550 MILLION CU.FT. LNG PER DAY (ABOUT 4 MILLION METRIC TONS PER YEAR) PROCEEDING SATISFACTORILY. AGREEMENT HAS BEEN REACHED ON PRICE AND ESCALATION CLAUSE. TODD SAID GENERAL IBNU, IN CONVERSATION EARLIER SAME DAY, AGREED TO GIVE PACIFIC FIRST RIGHT OF REFUSAL FOR ANY ADDITIONAL LNG OUTPUT FROM NORTH SUMATRA FIELD SHOULD RESERVES PROVE LARGER THAN NOW ANTICIPATED. TODD EXPECTED AGREEMENT WOULD BE REACHED SOON ON MONETARY ADJUSTMENT CLAUSE AND OTHER REMAINING
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ISSUES, WHICH TODD DESCRIBED AS MINOR.

2. ALSO ON SEPTEMBER 4 PERTAMINA NEOGTIATOR (TIRTO UTOMO) INVITED EMBOFF TO ATTEND PERTAMINA/PACIFIC SIGNING CEREMONY ON EVENING OF SEPTEMBER 6.

3. COMMENT: GIVEN RECENT DEVELOPMENTS, IT APPEARS NEGOTIATIONS BETWEEN PERTAMINA/MOBILE AND PACIFIC ARE GOING WELL AND THAT IT WOULD BE PREMATURE AND, PERHAPS, UNNECESSARY FOR USG TO ENCOURAGE DIRECT CONSULTATIONS AS SUGGESTED BY TOKY GAS REP (MURAKAMI) REPORTED REFTEL B. AMBASSADOR IS HOSTING LUNCHEON FOR GENERAL IBNU SEPTEMBER 5 AFTER WHICH WE WILL REPORT LATEST DEVELOPMENTS. WE AGREE WITH EMBASSY TOKYO (REF B) THAT INDONESIANS PROBABLY PREFER TO DEAL WITH U.S. AND JAPAN SEPARATELY. WE THINK INDONESIANS WOULD VIEW LINE-UP OF U.S. AND JAPAN TO NEGOTIATE FOR THEIR LNG WITH CONSTERNATION.
GALBRAITH

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